

MURPHY, SMITH & Co. PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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NEWS RELEASE

FOR RELEASE: October 3, 2014

Murphy, Smith & Co., PLLC, of Osage today released an audit report on the City of Williamsburg, Iowa.

The City's receipts totaled \$6,967,673 for the year ended June 30, 2014, a 29 percent increase from the prior year. The receipts included \$1,672,383 from tax increment financing, \$1,088,555 from charges for services, \$624,902 in property tax, \$437,246 from local option sales tax, \$336,094 from intergovernmental, \$96,690 from use of money and property, \$2,493,702 from bond proceeds and \$218,101 from other general receipts.

Disbursements for the year totaled \$5,609,092 a 6 percent increase from the prior year, and included \$1,688,045 for debt service, \$1,168,824 for capital projects, and \$788,584 for culture and recreation. Also, disbursements for business type activities totaled \$642,303.

The significant increase in receipts is due primarily to note proceeds.

A copy of the report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at:

<http://auditor.iowa.gov/reports/reports.html>.

CITY OF WILLIAMSBURG
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2014

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City of Williamsburg

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2014)		
Frank Murphy	Mayor	Jan 2014
Don Kirkpatrick	Mayor Pro Tem	Jan 2016
Pat McGovern	Council Member	Jan 2014
Martin Bunge	Council Member	Jan 2014
Adam Grier	Council Member	Jan 2016
Dave Kubas	Council Member	Jan 2016
Jenifer Mein	Clerk / Treasurer	Appointed
Eric Tindal	Attorney	Appointed
(After January 2014)		
Frank Murphy	Mayor	Jan 2016
Don Kirkpatrick	Mayor Pro Tem	Jan 2016
Pat McGovern	Council Member	Jan 2018
Martin Bunge	Council Member	Jan 2018
Adam Grier	Council Member	Jan 2016
Dave Kubas	Council Member	Jan 2016
Jenifer Mein	Clerk / Treasurer	Retired Jun 2014
Shelly Annis	Clerk / Treasurer	Appointed Jun 2014
Eric Tindal	Attorney	Appointed

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Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Williamsburg, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Williamsburg as of June 30, 2014, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Williamsburg's basic financial statements. The financial statements for the five years ending June 30, 2009 (which are not presented herein), were audited by other auditors whose reports expressed unqualified opinions on financial statements from 2005-2006 and qualified opinions on financial statements from 2007-2009, which were prepared on the basis of cash receipts and disbursements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.

The other information, the budgetary comparison information on pages 19 through 21 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The City has not presented Management's Discussion and Analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 7, 2014 on our consideration of the City of Williamsburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Williamsburg's internal control over financial reporting and compliance.

Murphy, Smith & Co. PLLC

Certified Public Accountants

Osage, Iowa

August 7, 2014

City of Williamsburg
Cash Basis Statement of Activities and Net Position
As of and for the year ended June 30, 2014

	Disbursements	Program Receipts	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
Functions / Programs:			
Governmental activities:			
Public safety	\$ 710,079	9,822	7,924
Public works	395,373	2,270	309,663
Health & Social Services	1,200	-	-
Culture and recreation	788,584	262,277	31,373
Community and economic development	35,632	-	-
General government	179,052	26,164	-
Debt service	1,566,793	-	-
Capital projects	1,168,824	-	-
Total governmental activities	4,845,537	300,533	348,960
Business type activities:			
Water	352,058	386,235	-
Sewer	362,093	524,106	-
Child Development Center	49,404	-	54,360
Total business type activities	763,555	910,341	54,360
Component Unit:			
Library Foundation	2,385	-	5,358
Total Component Unit	2,385	-	5,358
Total	\$ 5,611,477	1,210,874	408,678
General Receipts and Transfers:			
Property tax and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Local option sales tax			
Unrestricted interest on investments			
Bond Proceeds			
Miscellaneous			
Transfers			
Total general receipts and transfers			
Change in cash basis net position			
Cash basis net position beginning of year			
Cash basis net position end of year			
Cash Basis Net Position			
Restricted:			
Nonexpendable:			
Thelma Wyman Memorial			
Expendable:			
Streets			
Urban renewal purposes			
Debt service			
Other purposes			
Unrestricted			
Total cash basis net position			

See notes to financial statements.

Exhibit A

Net (Disbursements) Receipts and Changes in Cash Basis Net Position			Aggregate Discretely Presented Component Unit
Governmental Activities	Business Type Activities	Total	
(692,333)	-	(692,333)	-
(83,440)	-	(83,440)	-
(1,200)	-	(1,200)	-
(494,934)	-	(494,934)	-
(35,632)	-	(35,632)	-
(152,888)	-	(152,888)	-
(1,566,793)	-	(1,566,793)	-
(1,168,824)	-	(1,168,824)	-
(4,196,044)	-	(4,196,044)	-
-	34,177	34,177	-
-	162,013	162,013	-
-	4,956	4,956	-
-	201,146	201,146	-
-	-	-	2,974
-	-	-	2,974
(4,196,044)	201,146	(3,994,898)	2,974
\$ 653,806	-	653,806	-
2,065	-	2,065	-
1,672,607	-	1,672,607	-
437,246	-	437,246	-
28,120	1,974	30,094	-
2,493,702	-	2,493,702	-
63,959	-	63,959	-
74,332	(74,332)	-	-
5,425,837	(72,358)	5,353,479	-
1,229,793	128,788	1,358,581	2,974
5,839,218	762,130	6,601,348	123,440
\$ 7,069,011	890,918	7,959,929	126,414
\$ 505	-	505	-
126,174	-	126,174	-
236,841	-	236,841	-
1,128,716	114,907	1,243,623	-
154,131	20,080	174,211	-
5,422,644	755,931	6,178,575	126,414
\$ 7,069,011	890,918	7,959,929	126,414

City of Williamsburg
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds
As of and for the year ended June 30, 2014

		Special Revenue		
	General	Road Use Tax	Tax Increment Financing	Debt Service
Receipts:				
Property tax	\$ 574,285	-	-	2,065
Tax increment financing	-	-	1,672,383	-
Other city tax	30,225	-	224	-
Licenses and permits	16,506	-	-	-
Use of money and property	88,649	-	1,106	2,848
Intergovernmental	29,743	306,351	-	-
Charges for service	218,627	-	-	-
Miscellaneous	75,628	-	-	-
Total receipts	1,033,663	306,351	1,673,713	4,913
Disbursements:				
Operating:				
Public safety	702,839	-	-	-
Public works	144,548	250,825	-	-
Health & Social Services	1,200	-	-	-
Culture and recreation	788,584	-	-	-
Community and economic development	35,399	-	233	-
General government	179,052	-	-	-
Debt service	3,750	-	-	1,563,043
Capital projects	-	-	-	-
Total disbursements	1,855,372	250,825	233	1,563,043
Excess (deficiency) of receipts over (under) disbursements	(821,709)	55,526	1,673,480	(1,558,130)
Other financing sources (uses):				
Note Proceeds	-	-	-	-
Operating transfers in	874,670	-	-	2,302,769
Operating transfers out	-	(40,279)	(2,553,437)	-
Total other financing sources (uses)	874,670	(40,279)	(2,553,437)	2,302,769
Change in cash balances	52,961	15,247	(879,957)	744,639
Cash balances beginning of year	2,878,350	110,927	1,116,798	384,077
Cash balances end of year	\$ 2,931,311	126,174	236,841	1,128,716
Cash Basis Fund Balances				
Nonspendable - Thelma Wyman Memorial	\$ -	-	-	-
Restricted for:				
Urban renewal purposes	-	-	236,841	-
Debt service	-	-	-	1,128,716
Streets	-	126,174	-	-
Other Purposes	-	-	-	-
Committed for capital projects	-	-	-	-
Assigned for:				
Library	24,157	-	-	-
Historical Commission	766	-	-	-
Unassigned	2,906,388	-	-	-
Total cash basis fund balances	\$ 2,931,311	126,174	236,841	1,128,716

See notes to financial statements.

Exhibit B

Capital Projects	Nonmajor	Total
47,705	847	624,902
-	-	1,672,383
745	437,246	468,440
-	-	16,506
1,969	144	94,716
-	-	336,094
-	-	218,627
-	-	75,628
50,419	438,237	3,507,296
-	7,240	710,079
-	-	395,373
-	-	1,200
-	-	788,584
-	-	35,632
-	-	179,052
-	-	1,566,793
1,168,824	-	1,168,824
1,168,824	7,240	4,845,537
(1,118,405)	430,997	(1,338,241)
2,493,702	-	2,493,702
-	-	3,177,439
-	(509,391)	(3,103,107)
2,493,702	(509,391)	2,568,034
1,375,297	(78,394)	1,229,793
1,116,036	233,030	5,839,218
2,491,333	154,636	7,069,011
-	505	505
-	-	236,841
-	-	1,128,716
-	-	126,174
-	154,131	154,131
2,491,333	-	2,491,333
-	-	24,157
-	-	766
-	-	2,906,388
2,491,333	154,636	7,069,011

City of Williamsburg

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2014

	Enterprise Funds			
	Water	Sewer	Child Care Facility	Total
Operating receipts:				
Charges for service	\$ 349,614	520,314	-	869,928
Operating disbursements:				
Business type activities	352,058	290,245	-	642,303
Excess (deficiency) of operating receipts over (under) operating disbursements	(2,444)	230,069	-	227,625
Non-operating receipts (disbursements):				
Use of Money & Property	340	1,581	53	1,974
Miscellaneous	36,621	3,792	54,360	94,773
Debt Service	-	(71,848)	(49,404)	(121,252)
Net non-operating receipts (disbursements)	36,961	(66,475)	5,009	(24,505)
Excess (deficiency) of receipts over (under) disbursements	34,517	163,594	5,009	203,120
Other financing sources (uses):				
Transfers out	(4,199)	(70,133)	-	(74,332)
Total other financings sources (uses)	(4,199)	(70,133)	-	(74,332)
Change in cash balances	30,318	93,461	5,009	128,788
Cash balances beginning of year	135,972	611,087	15,071	762,130
Cash balances end of year	\$ 166,290	704,548	20,080	890,918
Cash Basis Fund Balances				
Restricted for debt service	\$ -	114,907	20,080	134,987
Unrestricted	166,290	589,641	-	755,931
Total cash basis fund balances	\$ 166,290	704,548	20,080	890,918

See notes to financial statements.

City of Williamsburg

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

The City of Williamsburg is a political subdivision of the State of Iowa located in Iowa County. It was first incorporated in 1885 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Williamsburg has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements include the City of Williamsburg (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Unit

The Williamsburg Library Foundation, Inc. is presented in a separate column to emphasize that it is a separate entity, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Williamsburg Library Foundation, Inc. is a non-profit organization created for the sole purpose of raising funds to support the Williamsburg Library. Most revenues are generated from private donations given by individuals and businesses in the area.

Williamsburg Fire Fighters Association, which is incorporated under Chapter 504A of the Code of Iowa, is a component unit because it has the potential to provide benefits to the City of Williamsburg Fire Department. The association is in the process of changing the entity type, and it is the intent that the 501(c)3 process be completed during the next fiscal year. The Fire Fighters Association Board of Directors is, in appearance, essentially the same as the Williamsburg Fire Department. Condensed financial statements for the year ended December 31, 2013 presented in Note 19 were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Unaudited financial statements may be obtained from 102 Fire Ridge Road, Williamsburg, Iowa 52361.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no known ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Iowa County Assessor's Conference Board, Iowa County Joint E911 Service Board, and Regional Environmental Improvement Commission.

Related Organization

The Friends of the Williamsburg Library is an organization separate from the City. The Friends has been created for the sole purpose of raising funds to support the Williamsburg Library but is not financially accountable to the City.

B. Basis of Presentation

Government-wide Financial Statements – The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Tax Increment Financing Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Child Care Facility Fund accounts for the operation and maintenance of the Child Care Facility.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City of Williamsburg funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the City Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2014, disbursements exceeded the amount budgeted in public works and business type activities.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation notes and revenue bonds are as follows:

Year Ending June 30,	General Obligation Notes		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	1,885,000	228,097	63,365	56,659	1,948,365	284,756
2016	730,000	189,380	64,869	54,625	794,869	244,005
2017	720,000	171,420	67,394	52,523	787,394	223,943
2018	565,000	153,706	69,939	50,375	634,939	204,081
2019	730,000	138,081	71,507	48,127	801,507	186,208
2020-2024	2,095,000	409,392	396,897	204,423	2,491,897	613,815
2025-2029	950,000	173,900	168,997	149,093	1,118,997	322,993
2030-2034	510,000	52,682	121,810	124,923	631,810	177,605
2035-2039			138,805	98,975	138,805	98,975
2040-2044			169,481	68,299	169,481	68,299
2045-2049			206,935	30,845	206,935	30,845
2050			45,592	976	45,592	976
Total	8,185,000	1,516,658	1,585,591	939,843	9,770,591	2,456,501

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

Revenue Bonds

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,050,000 in sewer revenue bonds issued in June, 2005. Proceeds from the bonds provided financing for the construction of improvements to the sewer treatment system. The bonds are payable solely from sewer customer net receipts and are payable through 2025. Annual principal and interest payments on the bonds are expected to require 30 percent of the net receipts. The total principal and interest remaining to be paid on the bonds is \$777,732. For the current year, principal and interest paid and total customer net receipts were \$70,090 and \$235,442, respectively.

The City has pledged future child care facility customer receipts, net of operating disbursements, to repay \$964,000 in child care facility enterprise revenue notes 1 and 2 issued in July, 2010. Proceeds from the notes provided financing for the acquisition of land and construction, furnishing and equipping of a child care center. The notes are payable solely from child care customer net receipts and are payable through 2050. Annual principal and interest payments on the notes are expected to require 89 percent of the net receipts. The total principal and interest remaining to be paid on the notes is \$1,749,793.93. For the current year, principal and interest paid and total customer net receipts were \$49,404 and \$54,413, respectively.

The resolutions providing for the issuance of the revenue bonds include the following provisions.

- a. The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.

- b. Sufficient monthly transfers shall be made to the separate sewer and child care facility revenue bond sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- c. There shall be a special fund to be known and designated as the Surplus Fund into which there shall be set apart and paid all of the net revenues remaining after first making the required payments in the Sinking Fund. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Funds whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds and Parity Obligations.
- d. For the child care facility, there shall be a reserve fund established for 10 percent of each payment up to a maximum of the largest payment.
- e. As long as the Sinking Fund has the full amounts required to be deposited therein by this resolution, any balance in the Surplus Fund may be made available to the City as the Council, or such other duly constituted body as may then be charged with the operation on the utility, may from time to time direct.
- f. The providers of the child care facility have established a depreciation fund to be used for repairs and maintenance over the life of the loan.

(4) Lease Purchase Agreement

On March 30, 2010 the City entered into a lease purchase agreement to purchase two new police vehicles for \$47,647. The lease purchase agreement bears interest at an average rate of 5.5 % and matured April 29, 2014. Principal and interest paid during fiscal year 2014 totaled \$10,621.

(5) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$83,293, \$80,460, \$75,326, respectively, equal to the required contributions for each year.

(6) Other Postemployment Benefits (OPEB)

Plan Description -The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are sixteen active and zero retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member's monthly premiums for the City and plan members are \$579 for single coverage and \$1,446 for family coverage. For the year ended June 30, 2014, the City contributed \$272,272 and plan members eligible for benefits contributed \$0 to the plan.

(7) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory termination payments payable to employees at June 30, 2014, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$50,165
Compensatory	25,487
Holiday	<u>14,148</u>
Total	<u>\$89,800</u>

This liability has been computed based on rates of pay in effect at June 30, 2014.

City employees also accumulate a limited amount of earned but unused sick leave hours, personal time, and holiday pay for subsequent use. However, sick leave time and personal time is canceled if an employee leaves his or her employment with the City.

(8) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 500,000
	Employee Benefits	9,391
	Tax Increment Financing	325,000
	Road Use	<u>40,279</u>
		<u>\$ 874,670</u>
Debt Service	Special Revenue:	
	Tax Increment Financing	\$ 2,228,437
	Enterprise:	
	Water	4,199
	Sewer	<u>70,133</u>
		<u>\$ 2,302,769</u>
Total		<u>\$ 3,177,439</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(9) Related Party Transactions

The City did not have any business transactions between City and City officials during the year ended June 30, 2014.

(10) Boyd Monies

Walter C. Boyd left the balance of his estate to the town of Williamsburg, Iowa, to be used as the City sees fit. The City Council set up a separate account in the General Fund to track this money and show the citizens where the money is being spent.

(11) Economic Development

On November 28, 2011 the City entered into a Development Agreement with WLW Ltd. Partnership, in which the City agrees to make economic development tax rebate payments to WLW Ltd. Partnership, pursuant to Chapter 15A and 403 of the Code of Iowa, an amount which represents 50% of the property taxes paid with respect to the incremental property valuation of the construction project to construct a facility for WLW Ltd. Partnership not to exceed the amount of \$450,000. The tax rebate payments shall not constitute general obligations of the City, but shall be paid solely and only from incremental property taxes received by the City from the County Treasurer which are attributable to the construction project.

(12) Thelma Wyman Memorial

During August of 1991, the family of Thelma Wyman contributed \$500 to be put into an interest bearing account, the principal of which is to remain intact and cannot be withdrawn for any reason. One percent of the yearly interest shall be added to and become part of the principal. The remaining interest from this account is paid to Williamsburg Public Library to be used as the Library Board deems necessary in order to maintain the library.

(13) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(14) Regional Environmental Improvement Commission

The City, in conjunction with all other municipalities in Iowa County, has created the Regional Environmental Improvement Commission. The Commission was established for the primary purpose of providing for the collection and disposal of solid waste produced or generated by each participant. On dissolution of the corporation, the net assets of the Commission will be prorated among the municipalities. The Commission is governed by a board composed of an elected representative of the governing body of each participating governmental jurisdiction.

During the year ended June 30, 2014, the City of Williamsburg paid Cox Sanitation \$98,947. The sanitation company is then responsible for paying all landfill fees for the City's share of the cost. Completed financial statements for the Commission can be obtained from the Regional Environmental Improvement Commission.

(15) Leases

The City leases property to the school under an operating lease requiring payments of \$25,000 on November 1, 2013 and April 15, 2014. The lease is for July 1, 2013 to June 30, 2014. Total lease payments received for the year ended June 30, 2014 are \$50,000.

(16) Conduit Debt Obligation

On November 13, 2006, Nursing and Independent Living Facilities Revenue Bonds (Williamsburg Retirement Community, Inc. Project) in the amount not to exceed \$7,000,000 were issued to finance the costs of construction and furnishing a 44 bed skilled nursing facility and 8 independent living units.

On June 10, 2014, Williamsburg Retirement Community Project Refunding Revenue Bonds in the amount of \$8,400,000 were issued. These revenue bonds were issued for the purpose of refunding the previous issuance of Revenue Bonds (Series 2005 Bonds) which was issued to refund two previous issuances of Revenue Bonds (Series 2002 Bonds and Series 2003 Bonds) which financed the cost of construction of the Williamsburg Retirement Community, Inc. Project.

These bonds are a special limited obligation of the City and shall not be payable from or charged upon any funds other than Loan Repayments made by the Williamsburg Retirement Community, Inc. The bonds do not constitute a debt of the City within any constitutional or statutory limitation.

(17) Management and Use Agreement

Due to the importance of affordable childcare the City constructed a daycare facility and signed a management agreement with Williamsburg Community Childcare Center and K.I.N.D Care to operate and maintain the child care facility. A lease purchase has been signed based on the total cost of the building.

The remaining annual debt payments are as follows:

Year Ending June 30	USDA Child Care Facility Enterprise Rev Note 1 & 2	
	Principal	Interest
2015	12,365	37,039
2016	12,869	36,535
2017	13,393	36,011
2018	13,939	35,465
2019	14,507	34,896
2020-2024	81,897	165,123
2025-2029	99,997	147,023
2030-2034	121,810	124,925
2035-2039	138,805	98,975
2040-2044	169,481	68,299
2045-2049	206,935	30,845
2050	45,592	976
Total	931,590	816,112

(18) Commitments

As of June 30, 2014, the City had the following commitments with respect to the following projects:

	<u>Remaining Commitment</u>	<u>Expected Date of Completion</u>
2014 Elementary School	\$ 148,570.00	August 2014
2014 Wilson Street	\$ 1,041,732.80	October 2014
Total	<u>\$ 1,190,302.80</u>	

The City maintains the right to repurchase the land if either childcare providers decide to sell the childcare facility.

(19) The Williamsburg Firefighters Association

The Williamsburg Firefighters Association provides benefits to the City of Williamsburg Fire Department. The Association reports its financial activity using a calendar year end. As permitted by GASB Statement No. 34, the City has opted to present condensed financial information for its discretely presented component unit. Following is the unaudited condensed financial information for the Williamsburg Firefighters Association for the year ended December 31, 2013.

	<u>W illiam sburg F iref ight ers A ssociation</u>
Receipts:	
Miscellaneous	<u>\$ 61,085</u>
Total receipts	<u>61,085</u>
Disbursements:	
Public safety	<u>63,405</u>
Total disbursements	<u>63,405</u>
Excess of receipts over disbursements	(2,320)
Cash balance beginning of year	<u>39,603</u>
Cash balance end of year	<u>\$ 37,283</u>

(20) Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through August 7, 2014, the date of the report.

(21) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.

City of Williamsburg

Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2014

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 624,902	-	-
Tax increment financing	1,672,383	-	-
Other city tax	468,440	-	-
Licenses and permits	16,506	-	-
Use of money and property	94,716	1,974	1
Intergovernmental	336,094	-	-
Charges for service	218,627	869,928	-
Miscellaneous	75,628	94,773	-
Total receipts	3,507,296	966,675	1
Disbursements:			
Public safety	710,079	-	-
Public works	395,373	-	-
Health and social services	1,200	-	-
Culture and recreation	788,584	-	-
Community and economic development	35,632	-	-
General government	179,052	-	-
Debt service	1,566,793	-	-
Capital projects	1,168,824	-	-
Business type activities	-	763,555	-
Total disbursements	4,845,537	763,555	-
Excess (deficiency) of receipts over (under) disbursements	(1,338,241)	203,120	1
Other financing sources (uses), net	2,568,034	(74,332)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,229,793	128,788	1
Balances beginning of year	5,839,218	762,130	983
Balances end of year	\$ 7,069,011	890,918	984

See accompanying Independent Auditors' Report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
624,902	660,505	663,416	(38,514)
1,672,383	1,700,000	1,700,000	(27,617)
468,440	515,316	440,316	28,124
16,506	9,875	11,875	4,631
96,689	103,743	104,393	(7,704)
336,094	318,625	323,612	12,482
1,088,555	1,002,950	1,006,550	82,005
170,401	93,700	156,382	14,019
4,473,970	4,404,714	4,406,544	67,426
710,079	708,189	755,984	45,905
395,373	407,716	452,086	56,713
1,200	1,200	1,200	-
788,584	909,003	998,682	210,098
35,632	21,100	38,600	2,968
179,052	192,320	192,320	13,268
1,566,793	1,563,043	1,572,043	5,250
1,168,824	40,000	3,288,135	2,119,311
763,555	758,085	849,989	86,434
5,609,092	4,600,656	8,149,039	2,539,947
(1,135,122)	(195,942)	(3,742,495)	2,607,373
2,493,702	-	2,500,000	(6,298)
1,358,580	(195,942)	(1,242,495)	2,601,075
6,600,365	5,382,078	6,601,342	(977)
7,958,945	5,186,136	5,358,847	2,600,098

City of Williamsburg

Notes to Other Information – Budgetary Reporting

June 30, 2014

The budgetary comparison is presented in accordance with Governmental Accounting Standards Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted receipts by \$1,830 and disbursements by \$3,548,383. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2014, disbursements exceeded the amount budgeted in debt service.

City of Williamsburg

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2014

	Special Revenue			Permanent	
	Local Option Sales Tax	Employee Benefits	Asset Forfeiture	Thelma Wyman Memorial	Total
Receipts:					
Property tax	\$ -	\$ 847	\$ -	\$ -	\$ 847
Tax Increment Financing Collections	-	-	-	-	-
Other City Tax	437,246	-	-	-	437,246
License and Permits	-	-	-	-	-
Use of Money & Property	133	-	10	1	144
Intergovernmental	-	-	-	-	-
Charges for Service	-	-	-	-	-
Special Assessments	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total receipts	437,379	847	10	1	438,237
Disbursements:					
Operating:					
Public Safety	-	-	7,240	-	7,240
Public Works	-	-	-	-	-
Health & Social Services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	-	-	7,240	-	7,240
Excess (deficiency) of receipts over (under) disbursements	437,379	847	(7,230)	1	430,997
Other financing sources (uses):					
Debt Proceeds	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	(500,000)	(9,391)	-	-	(509,391)
Total other financing sources (uses)	(500,000)	(9,391)	-	-	(509,391)
Change in cash balances	(62,621)	(8,544)	(7,230)	1	(78,394)
Cash balances beginning of year	216,273	8,544	7,230	983	233,030
Cash balances end of year	\$ 153,652	\$ -	\$ -	\$ 984	\$ 154,636
Cash Basis Fund Balances					
Nonspendable - Thelma Wyman Memorial	\$ -	\$ -	\$ -	\$ 505	\$ 505
Restricted for other purposes	153,652	-	-	479	154,131
Total cash basis fund balances	\$ 153,652	\$ -	\$ -	\$ 984	\$ 154,636

See accompanying Independent Auditors' Report.

City of Williamsburg
Schedule of Indebtedness
Year ended June 30, 2014

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Corporate purpose - capital projects	4/1/2008	2.50-4.10%	1,000,000
Corporate purpose - street, water, & sewer series 2009B	4/1/2009	3.5-4.20%	1,675,000
Urban renewal bonds - library	4/1/2010	2.25-3.50%	2,500,000
Refunding bond, series 2011	7/1/2011	2.00-3.50%	32,700
Corporate purpose 2012	6/11/2012	0.45-3.45%	1,500,000
Corporate purpose, series 2014	6/10/2014	2.0-4.0%	1,600,000
Urban bond 2014	1/2/2014	2.35%	900,000
Total			
Revenue bonds:			
Sewer Revenue Bonds	6/30/2005	3.00%	\$ 1,050,000
USDA Childcare facility enterprise revenue note 1	7/1/2010	4.00%	928,000
USDA Childcare facility enterprise revenue note 2	7/1/2010	4.00%	36,000
Total			
Lease Purchase			
Police Cars	3/31/2010	5.488%	47,647
Total			

See accompanying Independent Auditors' Report.

Schedule 2

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
355,000	-	105,000	250,000	13,325	-
725,000	-	200,000	525,000	28,250	-
1,900,000	-	200,000	1,700,000	58,000	-
2,575,000	-	320,000	2,255,000	68,500	-
1,500,000	-	545,000	955,000	24,968	-
-	1,600,000	-	1,600,000	-	-
-	900,000	-	900,000	-	-
<u>7,055,000</u>	<u>2,500,000</u>	<u>1,370,000</u>	<u>8,185,000</u>	<u>193,043</u>	<u>-</u>
703,000	-	49,000	654,000	21,090	-
917,369	-	11,063	906,306	36,493	-
26,604	-	1,319	25,285	529	-
<u>1,646,973</u>	<u>-</u>	<u>61,382</u>	<u>1,585,591</u>	<u>58,112</u>	<u>-</u>
10,068	-	10,068	-	553	-
<u>10,068</u>	<u>-</u>	<u>10,068</u>	<u>-</u>	<u>553</u>	<u>-</u>

City of Williamsburg
Bond and Note Maturities
June 30, 2014

Year Ending June 30,	Corporate Purpose Capital Projects		Corporate Purpose Street, Water, & Sewer series 09B		General Obligation Urban Renewal Bonds - Library	
	Issued Apr 1, 2008		Issued Apr 1, 2009		Issued Apr 1, 2010	
	Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount
2015	3.65	110,000	4.00	100,000	2.50	200,000
2016	4.10	-	4.00	100,000	2.75	200,000
2017	4.10	-	4.00	100,000	2.75	200,000
2018	4.10	-	4.00	100,000	3.25	200,000
2019	4.10	140,000	4.20	125,000	3.25	200,000
2020		-		-	3.50	700,000
2021		-		-		-
2022		-		-		-
2023		-		-		-
2024		-		-		-
2025		-		-		-
2026		-		-		-
2027		-		-		-
2027		-		-		-
2029		-		-		-
2030		-		-		-
2031		-		-		-
2032		-		-		-
2033		-		-		-
2034		-		-		-
Total		<u>\$250,000</u>		<u>\$ 525,000</u>		<u>\$ 1,700,000</u>

See accompanying Independent Auditors' Report.

Schedule 3

Bonds								
Refunding Bond, series 2011		Corporate Purpose		Corporate Purpose, Series 2014		Urban Bond 2014		
Issued July 1, 2011		Issued June 11, 2012		Issued Jun 10, 2014		Issued Jan 2, 2014		
Interest		Interest		Interest		Interest		
Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Total
2.00	315,000	1.00	45,000	2.00	215,000	2.35	900,000	1,885,000
2.10	310,000	1.00	45,000	2.00	75,000	-	-	730,000
2.10	265,000	1.00	45,000	2.00	110,000	-	-	720,000
2.15	100,000	1.35	50,000	2.00	115,000	-	-	565,000
2.40	100,000	1.35	50,000	2.00	115,000	-	-	730,000
2.60	100,000	1.80	50,000	2.00	120,000	-	-	970,000
2.80	100,000	1.80	50,000	2.13	120,000	-	-	270,000
3.50	180,000	2.25	50,000	2.75	45,000	-	-	275,000
3.50	190,000	2.25	50,000	2.75	45,000	-	-	285,000
3.50	195,000	2.50	50,000	2.75	50,000	-	-	295,000
3.50	200,000	2.50	55,000	3.75	50,000	-	-	305,000
3.50	200,000	2.85	55,000	3.75	50,000	-	-	305,000
-	-	2.85	55,000	3.75	55,000	-	-	110,000
-	-	3.00	55,000	3.75	55,000	-	-	110,000
-	-	3.00	60,000	3.75	60,000	-	-	120,000
-	-	3.45	60,000	4.00	60,000	-	-	120,000
-	-	3.45	65,000	4.00	60,000	-	-	125,000
-	-	3.45	65,000	4.00	65,000	-	-	130,000
-	-	-	-	4.00	65,000	-	-	65,000
-	-	-	-	4.00	70,000	-	-	70,000
<u>\$2,255,000</u>		<u>\$ 955,000</u>		<u>\$ 1,600,000</u>		<u>\$ 900,000</u>		<u>\$8,185,000</u>

City of Williamsburg

Bond and Note Maturities

June 30, 2014

Year ending June 30,	Revenue Bonds						
	USDA Child Care Facility Ent Rev Note 1				USDA Child Care Facility Ent Rev Note 2		Total
	Sewer Revenue Bonds						
	Issued Jun 13, 2005		Issued July 1, 2010		Issued July 1, 2010		
	Interest		Interest		Interest		
Rates	Amount	RatesA	mount	RatesA	mount		
2015	3.00	51,000	4.00	11,513	4.00	852	63,365
2016	3.00	52,000	4.00	11,982	4.00	887	64,869
2017	3.00	54,000	4.00	12,471	4.00	923	67,394
2018	3.00	56,000	4.00	12,979	4.00	960	69,939
2019	3.00	57,000	4.00	13,507	4.00	1,000	71,507
2020	3.00	59,000	4.00	14,058	4.00	1,040	74,098
2021	3.00	61,000	4.00	14,630	4.00	1,083	76,713
2022	3.00	63,000	4.00	15,226	4.00	1,127	79,353
2023	3.00	65,000	4.00	15,847	4.00	1,173	82,020
2024	3.00	67,000	4.00	16,492	4.00	1,221	84,713
2025	3.00	69,000	4.00	17,164	4.00	1,270	87,434
2026			4.00	17,864	4.00	1,322	19,186
2027			4.00	18,591	4.00	1,376	19,967
2028			4.00	19,349	4.00	1,432	20,781
2029			4.00	20,137	4.00	1,490	21,627
2030			4.00	20,958	4.00	1,551	22,509
2031			4.00	21,812	4.00	1,614	23,426
2032			4.00	22,700	4.00	1,680	24,380
2033			4.00	23,625	4.00	1,749	25,374
2034			4.00	24,588	4.00	1,535	26,123
2035			4.00	25,589			25,589
2036			4.00	26,632			26,632
2037			4.00	27,717			27,717
2038			4.00	28,846			28,846
2039			4.00	30,021			30,021
2040			4.00	31,244			31,244
2041			4.00	32,517			32,517
2042			4.00	33,842			33,842
2043			4.00	35,221			35,221
2044			4.00	36,656			36,656
2045			4.00	38,149			38,149
2046			4.00	39,704			39,704
2047			4.00	41,321			41,321
2048			4.00	43,005			43,005
2049			4.00	44,757			44,757
2050			4.00	45,592			45,592
Total		\$ 654,000		\$ 906,306		\$ 25,285	\$ 1,585,591

See accompanying Independent Auditors' Report.

City of Williamsburg

Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

For the Last Ten Years

	2014	2013	2012	2011
Receipts:				
Property tax	\$ 624,902	983,286	840,334	840,637
Tax increment financing	1,672,383	1,900,312	1,922,728	1,922,005
Other city tax	468,440	619,740	608,616	460,232
Licenses and permits	16,506	9,928	13,679	11,097
Use of money and property	94,716	103,240	105,801	132,757
Intergovernmental	336,094	321,195	471,044	736,767
Charges for service	218,627	239,249	212,070	208,184
Special assessments	-	-	-	-
Miscellaneous	75,628	290,206	128,272	391,294
Total	<u>\$ 3,507,296</u>	<u>4,467,156</u>	<u>4,302,544</u>	<u>4,702,973</u>
Disbursements:				
Operating:				
Public safety	\$ 710,079	641,143	642,713	619,806
Public works	395,373	385,276	348,373	560,959
Health and social services	1,200	1,200	1,200	1,200
Culture and recreation	788,584	756,956	729,557	680,291
Community and economic development	35,632	27,465	18,312	118,502
General government	179,052	167,650	177,746	176,070
Debt service	1,566,793	1,299,386	4,597,964	1,555,153
Capital projects	1,168,824	1,248,578	1,469,021	3,311,959
Total	<u>\$ 4,845,537</u>	<u>4,527,654</u>	<u>7,984,886</u>	<u>7,023,940</u>

See accompanying Independent Auditors' Report.

Schedule 4

2010	2009	2008	2007	2006	2005
\$ 920,013	787,373	593,123	944,096	526,093	488,445
1,745,232	1,631,084	1,563,029	1,500,055	1,469,800	1,209,469
408,555	423,988	446,083	419,263	347,347	405,485
19,174	185,011	327,267	253,153	258,356	103,249
161,152	5,590	8,787	6,247	24,916	11,806
685,869	489,155	313,959	260,262	310,225	237,257
193,888	206,977	239,226	242,471	194,269	297,499
648	964	948	1,004	1,113	10,244
174,680	149,177	563,337	868,333	158,791	243,063
<u>\$ 4,309,211</u>	<u>3,879,319</u>	<u>4,055,759</u>	<u>4,494,884</u>	<u>3,290,910</u>	<u>3,006,517</u>
\$ 616,863	597,270	557,288	569,356	509,101	422,794
363,839	395,385	393,721	374,606	400,671	444,297
1,200	1,200	1,200	1,200	1,000	900
726,768	717,422	1,242,755	1,837,607	791,147	624,977
117,399	107,631	93,870	217,725	221,911	117,097
191,063	203,736	173,863	166,960	146,756	152,526
1,405,313	2,938,235	1,350,466	1,338,712	1,110,648	836,970
1,369,740	3,009,992	343,686	1,919,561	2,384,546	1,623,061
<u>\$ 4,792,185</u>	<u>7,970,871</u>	<u>4,156,849</u>	<u>6,425,727</u>	<u>5,565,780</u>	<u>4,222,622</u>

MURPHY, SMITH & Co. PLLC

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Independent Auditors' Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Williamsburg, Iowa, as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 7, 2014. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Williamsburg's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Williamsburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Williamsburg's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility a material misstatement of City of Williamsburg's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as item II-A-14 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-B-14 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Williamsburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Williamsburg's Responses to Findings

The City of Williamsburg's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The City of Williamsburg's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Williamsburg during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Murphy, Smith & Co. PLLC
Certified Public Accountants
Osage, Iowa
August 7, 2014

City of Williamsburg

Schedule of Findings

Year ended June 30, 2014

Part I: Summary of the Independent Auditors, Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the basic financial statements.

City of Williamsburg

Schedule of Findings

Year ended June 30, 2014

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- II-A-14 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that each of the office personnel has control over several incompatible office and accounting functions.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- II-B-14 Water Loss - Water usage reports calculated by the utility clerk indicate a fluctuation water loss problem. Review of water usage reports from 2013 reveal that the City lost an average of approximately 3,600,000 gallons of water per month during the last six months of the year.

Recommendation - Since water loss can occur because of leaks and/or unmetered usage, continuing efforts should be made to investigate why the City is experiencing substantial water loss.

Response - We will continue to investigate the water loss.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

City of Williamsburg
Schedule of Findings
Year ended June 30, 2014

Part III: Other Findings Related to Statutory Reporting:

- III-A-14 Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted.
- III-B-14 Questionable Disbursements – No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- III-C-14 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-14 Business Transactions – No business transactions between the City and City officials or employees were noted.
- III-E-14 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- III-F-14 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-G-14 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.